

RARG Navigation Program Overview

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US Army Corps of Engineers
BUILDING STRONG®



Corps Navigation Mission

Provide safe, reliable, efficient, effective and environmentally sustainable waterborne transportation systems for movement of commerce, national security needs, and recreation.



USACE Navigation Assets

INLAND NAVIGATION

27 Inland River Systems

207 lock chambers @ 171 lock sites

12,000 miles of inland river channels



COASTAL NAVIGATION

1067 Navigation Projects

19 lock chambers

13,000 miles of channels

929 navigation structures

844 bridges



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Current Infrastructure Situation

- Channels and harbors are not maintained to authorized dimensions
- Much of our economic and physical security and quality of life depends on infrastructure that is wearing out faster than it is being replaced or rehabilitated.
- Decreasing reliability of locks and other navigation infrastructure impedes transportation of goods.
- A direct relationship exists between increasing age and increasing needs for maintenance, rehabilitation, replacement and repurposing.
- 21st Century needs are different or greater than those of the last century.

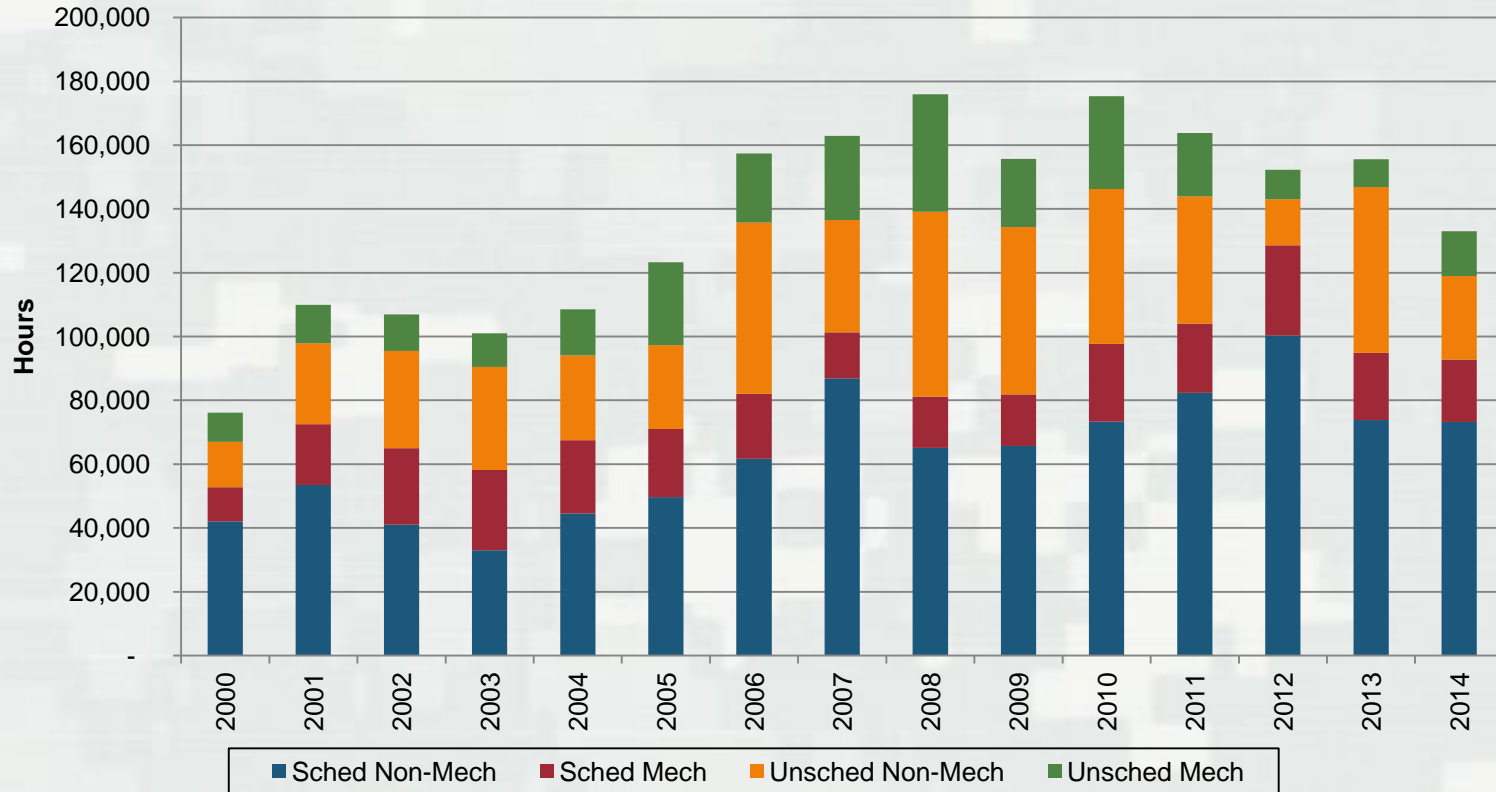


Navigation Performance

USACE Campaign Goal Objective 3c:

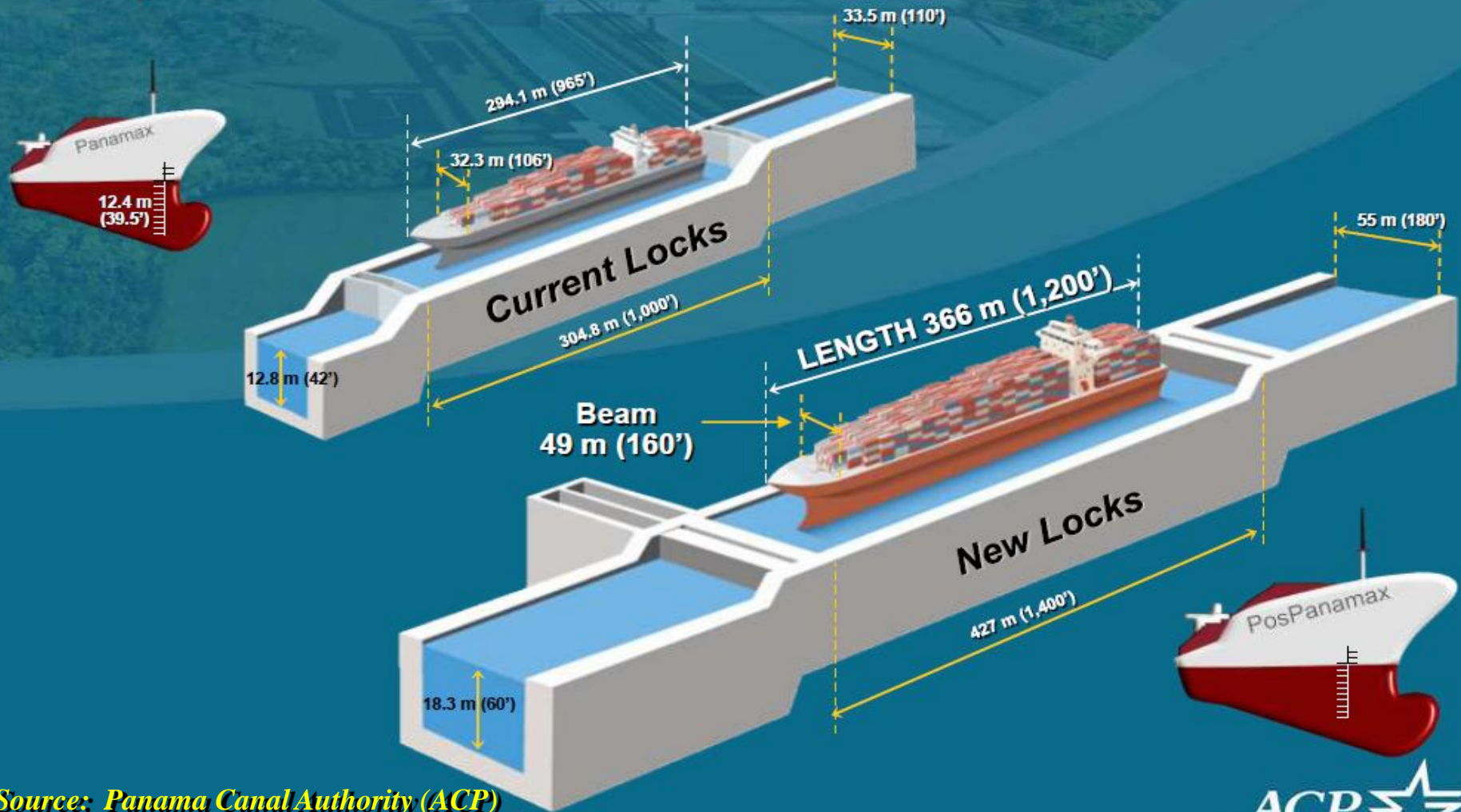
Deliver reliable infrastructure using a risk-informed asset management strategy

Lock Unavailability, 2000-2014



Dimension of Locks and New-Panamax vessels

Existing Locks Max Vessel: **4,400 TEU's**

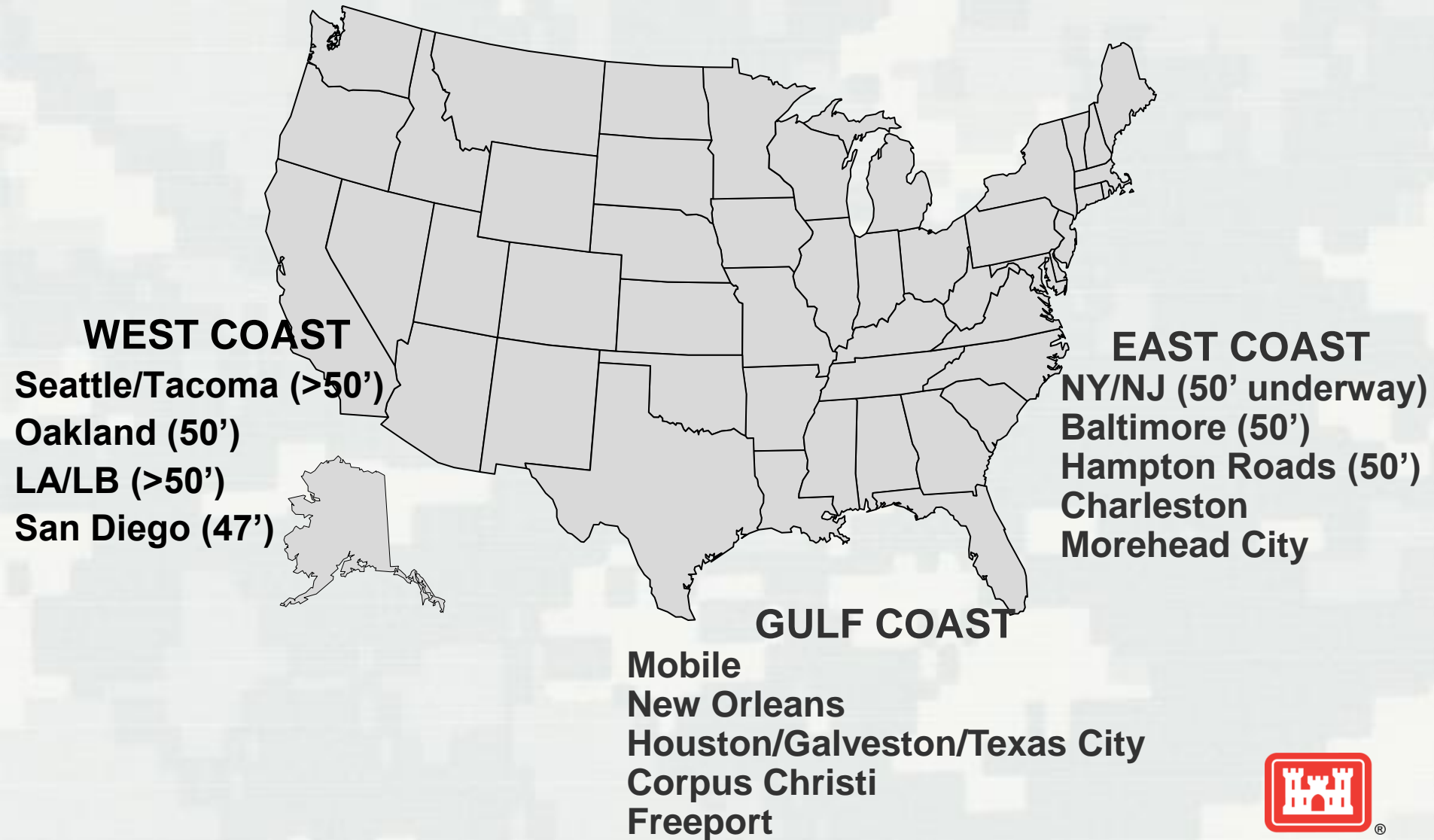


Source: Panama Canal Authority (ACP)



New Locks Max Vessel: **12,600 TEU's**

US Harbors 45' or Greater



Civil Works Transformation

- Focused improvement areas - 4 pillars
- Planning – expedite study completions
- Budget – align to National Goals
- Methods of Delivery – ex Navigation Lock Design Center
- Recapitalization – explore other sources of funding, ex Public Private Partnerships



President's Budgets

(\$millions)

Pres Bud	Coastal	Inland	Nav	CW total	Nav Percent
FY 16	\$973	\$974	\$1,947	\$4,732	41
FY 15	\$991	\$834	\$1,825	\$4,561	40
FY 14	\$980	\$904	\$1,884	\$4,826	39
FY 13	\$967	\$780	\$1,747	\$4,731	37
FY 12	\$832	\$744	\$1,575	\$4,631	34
FY 11	\$873	\$779	\$1,652	\$4,939	33
FY 10	\$971	\$796	\$1,767	\$5,125	35
FY 09	\$969	\$931	\$1,900	\$4,741	40
FY 08	\$957	\$1,052	\$2,009	\$4,900	41



Navigation Budget by Account

(\$millions)

Pres Bud Fiscal Yr	Investigations	Construction	O&M	MR&T	Total Nav
FY 16	\$25	\$321	\$1,563	\$38	\$1,947
FY 15	\$22	\$277	\$1,487	\$39	\$1,825
FY 14	\$23	\$345	\$1,461	\$55	\$1,884
FY 13	\$25	\$352	\$1,326	\$44	\$1,747
FY 12	\$18	\$283	\$1,237	\$37	\$1,575
FY 11	\$19	\$291	\$1,297	\$45	\$1,653
FY 10	\$19	\$288	\$1,411	\$48	\$1,767
FY 09	\$20	\$495	\$1,346	\$39	\$1,900
FY 08	\$19	\$572	\$1,383	\$35	\$2,009

Coastal Navigation Budget

(\$million)

Pres Bud	Investigations	Construction	O&M	MR&T	Total
FY 16	\$18	\$81	\$872	\$2	\$973
FY 15	\$17	\$97	\$875	\$2	\$991
FY 14	\$16	\$108	\$853	\$2	\$980
FY13	\$17	\$151	\$797	\$2	\$967
FY12	\$7	\$117	\$706	\$2	\$832
FY11	\$9	\$115	\$747	\$2	\$873
FY10	\$16	\$119	\$834	\$2	\$971
FY09	\$17	\$188	\$760	\$4	\$969



Inland Navigation Budget

(\$million)

Pres Bud	Investigations	Construction	O&M	MR&T	Total Inland Nav
FY 16	\$7	\$240	\$691	\$36	\$974
FY 15	\$5	\$180	\$612	\$37	\$834
FY 14	\$7	\$237	\$608	\$53	\$904
FY13	\$8	\$201	\$529	\$42	\$780
FY12	\$11	\$166	\$531	\$35	\$743
FY11	\$10	\$176	\$550	\$43	\$779
FY10	\$3	\$170	\$577	\$47	\$796
FY09	\$3	\$307	\$586	\$35	\$931



FY 14 Navigation Appropriation by Account (\$millions)

	Investigations	Construction	O&M	MR&T	Total Nav
Pres Bud	\$23	\$345	\$1,461	\$55	\$1,884
Confer ence	\$40	\$468	\$1,701	\$60	\$2,269
Difference	\$17	\$123	\$240	\$5	\$385



Additional FY 15 Funds for Navigation in CROmnibus Bill (\$millions)

■ Investigations	\$ 15.3
■ Navigation	\$ 5
■ Coastal and Deep Draft 4.1	\$
■ Inland	\$ 4
■ Small, Remote, or Subsidence	\$ 2.2
■ Construction	\$207
■ Navigation	\$ 95
■ Inland Waterways Trust Fund \$112	
■ MR&T O&M Dredging	\$ 6.4



Additional FY 15 Funds for Navigation CROmnibus Bill (\$millions)

- **O&M** **\$294.5**
 - **Navigation** **\$ 45**
 - **Deep Draft Harbor & Channel**
\$165
 - **Inland Waterways** **\$**
42
 - **Small, Remote, or Subsidence** **\$ 42.5**
- **Total Additional Navigation Funding** **\$523.2**



FY 15 Navigation Appropriation by Account (\$millions)

	Investigations	Construction	O&M	MR&T	Total Nav
Pres Bud	\$22	\$277	\$1,487	\$39	\$1,825
CROmnibus	\$37	\$484	\$1,782	\$45	\$2,348
Difference	\$15	\$207	\$295	\$6	\$523

Complete project listings at:

<http://www.usace.army.mil/Missions/CivilWorks/Budget.aspx>



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Navigation Coastal O&M Funding Needs

- Estimated \$1.5 B needed annually over 5 years to restore authorized dimensions for high and moderate commercial use coastal channels and harbors
- Additional \$500 M needed annually for low commercial use projects
- Estimated \$1.2 B needed annually after that to maintain authorized dimensions for high and moderate commercial use coastal channels and harbors
- Additional \$300 M needed annually for low commercial use projects



Harbor Maintenance Trust Fund

- Established in WRDA 1986
- Ad valorem tax of .125% on cargo value
- HM Tax collected on imports and domestic cargo
- Reimburses Treasury for 100% of harbor O&M since 1990, and DMPFs, Beneficial Use, Sand Mitigation
- Supports St. Lawrence Seaway operations, Customs & Border Protection data collection (~\$36 M/yr)
- Revenue:
 - FY 13 HMT Revenues \$1.523 B + \$173 M interest
 - FY 13 Reimbursements \$855 M
 - Increasing balance - \$7.76 billion at end FY 13



Inland Waterways Trust Fund

- Inland Waterways Revenue Act of 1978
 - Created fuel tax at 4 cents per gallon
 - Designated 26 shallow draft waterways on which the tax would apply
- Water Resources Development Act of 1986
 - Added 27th waterway
 - Established Users Board
 - Authorized expenditures from fund for 8 lock & dam projects
 - Precedent for 50/50 cost-sharing
 - Increased tax to 20 cents by 1995
- Revenue:
 - FY 13 Revenues \$75.2 M
 - FY 13 Transfers \$87.3 M
 - Depleted balance - \$33.8 million at end FY 13



WRRDA Guidance

- Execution of the law is an Executive Branch responsibility
- The purpose of WRRDA Implementation Guidance is to determine how the Administration/Agency will proceed under the new law in light of our current policies and procedures; or to
- Develop new policies and procedures where needed to implement the law.
- Intent is to ensure consistent application of the law across the Corps.
- Guidance is issued in the form of memorandums, Engineering Circulars or Engineering Regulations.
- Not all provisions in the law will be funded or implemented as a matter of policy.



Water Resources Reform & Development Act



- Approved by House 20 May (vote of 412-4); Senate two days later (vote of 91-7). Signed by President June 10, 2014.
- Authorizes 34 projects and feasibility studies valued at \$12 billion.
- Deauthorizes some older projects; procedure for future deauthorizations of at least \$18 billion.
- New process to provide Congress a list each year of recommended projects from which to authorize and fund.
- Corps would submit its own list as well as state, local and other recommendations to Congress to be approved or rejected.
- “3x3x3” rule - feasibility studies completed within three years, cost no more than \$3 million Federal, and get concurrent review by district, division and headquarters.
- Repeals requirement for reconnaissance studies.
- IEPR cost threshold increased from \$45 million to \$200 million.
- SIGNIFICANT REPORTING REQUIREMENTS.



Water Resources Reform & Development Act

Non-Federal Contributions

- Non-federal entities can conduct water resources projects specifically authorized by Congress as long as Corps approves plans and EIS is filed.
- Non-federal interests can contribute funds for authorized study or project Corps deems in public interest, as well as for federally declared disaster areas, resources managed by Corps, projects that have exceeded maximum costs, or operation and maintenance of authorized navigation projects.
- Five-year pilot program allows non-federal interests to fund operation of locks where Corps has proposed to reduce operations for budgetary reasons.
- Five-year Water Infrastructure Finance and Innovation Authority (WIFIA) pilot project would provide credit assistance for drinking water, wastewater and other water infrastructure projects.
- Pilot program for public-private partnership in developing water infrastructure.
- Corps authorized to enter into agreements with non-federal interests, including private entities, to finance at least 15 water resources projects.
- Accept materials and services for non-Federal interests, including private interests, to repair and replace projects damaged in emergencies.



Water Resources Reform & Development Act

Inland Waterways

- Review ways to increase revenue collections for inland waterways. (increased fuel taxes, user fees, construction bonds, etc.)
- Olmsted IWTF share decreases from 50% to 15%. 85% of costs would come General Treasury revenues. Frees up IWTF funds, but doesn't increase Corps budget.
- Major Rehabilitation threshold increases to \$20 M.
- Project Delivery Process Reform (from IMTS Capital Projects Business Model)
- Report on Olmsted lessons learned
- Annual Financial Review of projects costing more than \$500 million
- Assess O&M needs for the Gulf Intracoastal and Atlantic Intracoastal Waterways
- Study to determine feasibility of riverbank stabilization
- Mandatory closure of Upper St. Anthony Falls Lock and Dam
- Energy development at Mayo Lock and Dam
- Modification of Freedom to Fish Act
- Requirement for Federal government to operate floodgates on inland waterways.



Water Resources Reform & Development Act

Coastal Harbors and Channels

O&M Cost-Sharing – Change in depth from 45 to 50 feet

Harbor Maintenance Trust Fund (HMTF)

- Direction to congress to appropriate Target expenditure in FY 2015 of 67% of the funds collected in FY 14 going to HMTF.
- Rate rises 2-4% until FY 2025 when it will be 100% of the funds collected in 2024.
- FY 12 Baseline of \$898 M.
- To help "emerging harbors" enhance competitiveness, requires they receive at least 10% of the total appropriated from the trust fund for FY 12.
- 90% of Priority funds to moderate and high use harbors.
- 10% of Priority funds to emerging harbors.
- 10% to Great Lakes harbors.
- 5% to Under Served moderate and emerging harbors.
- 10% for Expanded Uses.
- \$50 million authorized for Donor and Energy Ports.



WRRDA Sec. 2102 - Illustration of HMTF

FY15 Cromnibus: \$1.1 B

Donor & Energy Transfer Ports

\$50 M annual authorization for appropriation separate from O&M program; only for qualified ports (section 2106)

Baseline: \$898 M
(Base is FY12 HMTF Appropriation per WRRDA 2014)

Priority Funds: \$202 M
(\$1.1 B - \$898 M = \$202 M)

Equitable Distribution
(min. 10% to Emerging Harbors)

High & Moderate Use Projects
90% (\$181.8 M)

Emerging Harbors Projects
10% (\$20.2 M)

Section 2102 Applicability
High Use: Over 10 M tons per year
Moderate Use: 1-10 M tons per year
Emerging Harbors: < 1 M tons per year

Equitable Distribution Factors
No longer solely on cargo tonnage, now to include national and regional significance, national security and military readiness

Expanded Use Eligibility
Prior 3 years HMT revenue totals more than prior 3 year HMTF expenditures in that harbor

Expanded Uses
min. 10% (\$20 M)
For Berth Dredging and Contaminated Sediment removal

Great Lakes
min. 10% (\$20 M)

Underserved
min. 5% (\$10 M)

Expanded Use Prioritization
Preference to ports according to the greater difference between HMTF monies spent and HMT revenues collected in last 3 yrs.

Underserved Prioritization
Preference to ports according to level of commerce as well as ratio of O&M funding received vs full channel maintenance need.

Navigation Authorizations

- Boston Harbor, MA
- Savannah Harbor Expansion, GA
- Jacksonville Harbor, FL
- Jacksonville Harbor - Mile Point, FL
- Lake Worth Inlet – Palm Beach Harbor, FL
- Canaveral Harbor, FL
- Sabine Neches Waterway, TX
- Freeport Harbor, TX
- Corpus Christi Ship Channel, TX (increased authorized cost)

* Chief's Report complete – Authorized in WRDA 2014



Navigation Message

- Navigation funding is an essential component for the Nation's Global trade
- Additional revenues needed for future infrastructure investment (IWTF)
- America's Marine Transportation System infrastructure must become a National priority in order to get adequate funding
- Need national commitment to shipping, global trade and navigation infrastructure
- Current business model is not sustainable – need public/private investment and/or divestiture
- Navigation funding is key to Economy, Jobs, and Exports!

